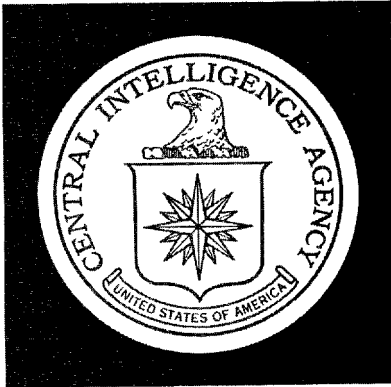


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DIRECTORATE OF  
INTELLIGENCE

# WEEKLY SUMMARY

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28 July 1967  
No. 0300/67

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(Information as of noon EDT, 27 July 1967)

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Allied spoiling operations appear to have relieved heavy Communist pressure against positions just south of the Demilitarized Zone and in northeastern Thua Thien Province. Hanoi economic reports suggest that the regime encountered serious problems in both agriculture and industry during the first six months of 1967. In Saigon, although Thieu and Ky have worked out a combined campaign organization, there are indications that Ky is attempting to retain a residue of personal support among his campaign workers.	
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The Arab states moved toward a summit conference this week, but there was no evidence that differences between the hard liners and the moderates over policy toward Israel are likely to be resolved. The Soviet effort to get a compromise resolution in the UN General Assembly was stymied by Arab intransigence, and the issue has been thrown back into the lap of the Security Council. Negotiations continue on the kinds and amounts of military and economic aid Moscow will supply to the Arabs.

#### TENSION EASING IN THE CONGO

21

The military situation remains stable, and the mercenaries at Punia probably plan to remain for some time. The Mobutu government, confident that Algeria will extradite Tshombe, will undoubtedly execute him as soon as he reaches the Congo.

#### NIGERIAN FEDERAL TROOPS LAND ON BIAFRAN COAST

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The capture by federal troops of the coastal port and oil terminal of Bonny is a serious setback for Biafra. The federal government will probably use Bonny as a staging point for operations against other targets near the Biafran coast.

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The issue of nuclear development has aroused strong nationalist sentiment in Brazil, and the government is standing firm in its opposition to a nuclear non-proliferation agreement that would bar nonnuclear countries from developing nuclear explosive devices.

#### URUGUAY'S UNCERTAIN POLITICAL FUTURE

25

Economic stagnation and rising living costs, combined with political squabbling and labor agitation, may eventually force President Gestido to disband Congress.

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DISSATISFACTION WITH HONDURAN GOVERNMENT ON RISE

26

Much of the controversy focuses on Minister of the Presidency Ricardo Zuniga, who has the complete confidence of President Lopez and for all practical purposes runs the government.

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FAR EAST

The detention of two of Mao's leading lieutenants in Wuhan last week provided striking evidence of the strength of the opposition to Mao and the decline in Peking's authority in key provinces. The defiant action of the Wuhan Military Region commander in arresting these officials pointed up the resistance of many military leaders, both in Peking and in the provinces, to the methods and goals of the Cultural Revolution. Although the official Peking press admitted that a "serious situation" exists in Wuhan, the Maoists so far have been unable to meet this challenge with anything more than mass rallies denouncing military and party leaders in Wuhan.

In Saigon, political leaders are preparing for the formal opening of the election campaign next week. The Thieu-Ky ticket's campaign committee has approved a draft program covering such issues as a negotiated settlement of the war, democratic institutions, and social and economic reforms.

Although some [redacted] claim that Hanoi's attitude toward negotiations is changing, there has been no shift in its public position.

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In Hong Kong, strong British measures have succeeded in halting mass violence and an uneasy calm prevails as the Communist apparatus reassesses its tactics. Peking continues to show restraint. [redacted]

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[redacted]  
there have been further minor harassments of Hong Kong police at the frontier. [redacted]  
[redacted]

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## VIETNAM

US Marine and South Vietnamese Army (ARVN) spoiling operations appear to have relieved heavy Communist pressure against allied positions just south of the Demilitarized Zone (DMZ) and in northeastern Thua Thien Province.

The absence of significant ground fighting this week in the Con Thien - Gio Linh area of northeastern Quang Tri, coupled with a sharp decline in enemy artillery, rocket, and mortar attacks against these strategic US Marine bases, suggests that major elements of several North Vietnamese Army (NVA) regiments may have temporarily withdrawn from this area to positions within or north of the DMZ. The enemy sustained heavy casualties in ten days of combat in the area during early July and was pounded repeatedly by allied artillery, naval gunfire, and B-52 strikes.

In western Quang Tri, however, evidence continues to suggest a build-up of Communist main-force units against the US Marine garrison at Khe Sanh and the South Vietnamese Special Forces camp at nearby Lang Vei. At least two regiments from the 325th NVA Division are believed to be present in the area. Allied patrols have made sporadic contact this week with possible battalion-sized units reported wearing new uniforms and carrying new weapons and equipment. This tends to reinforce other indications of the commitment of fresh troops to this region.

Elsewhere in I Corps, pre-emptive spoiling operations by ARVN forces this week appear to have disrupted an anticipated offensive by major elements of the Communist's Northern Front military command in northeastern Thua Thien Province.

In the western highlands, heavy enemy contact near Duc Co Special Forces camp this week, coupled with the discovery of elaborate enemy battlefield preparations, suggested an imminent drive against this strategic allied position in western Pleiku Province. On 23 July, elements of the US 4th Infantry Division were engaged by a company-size or larger NVA unit during Operation FRANCIS MARION.

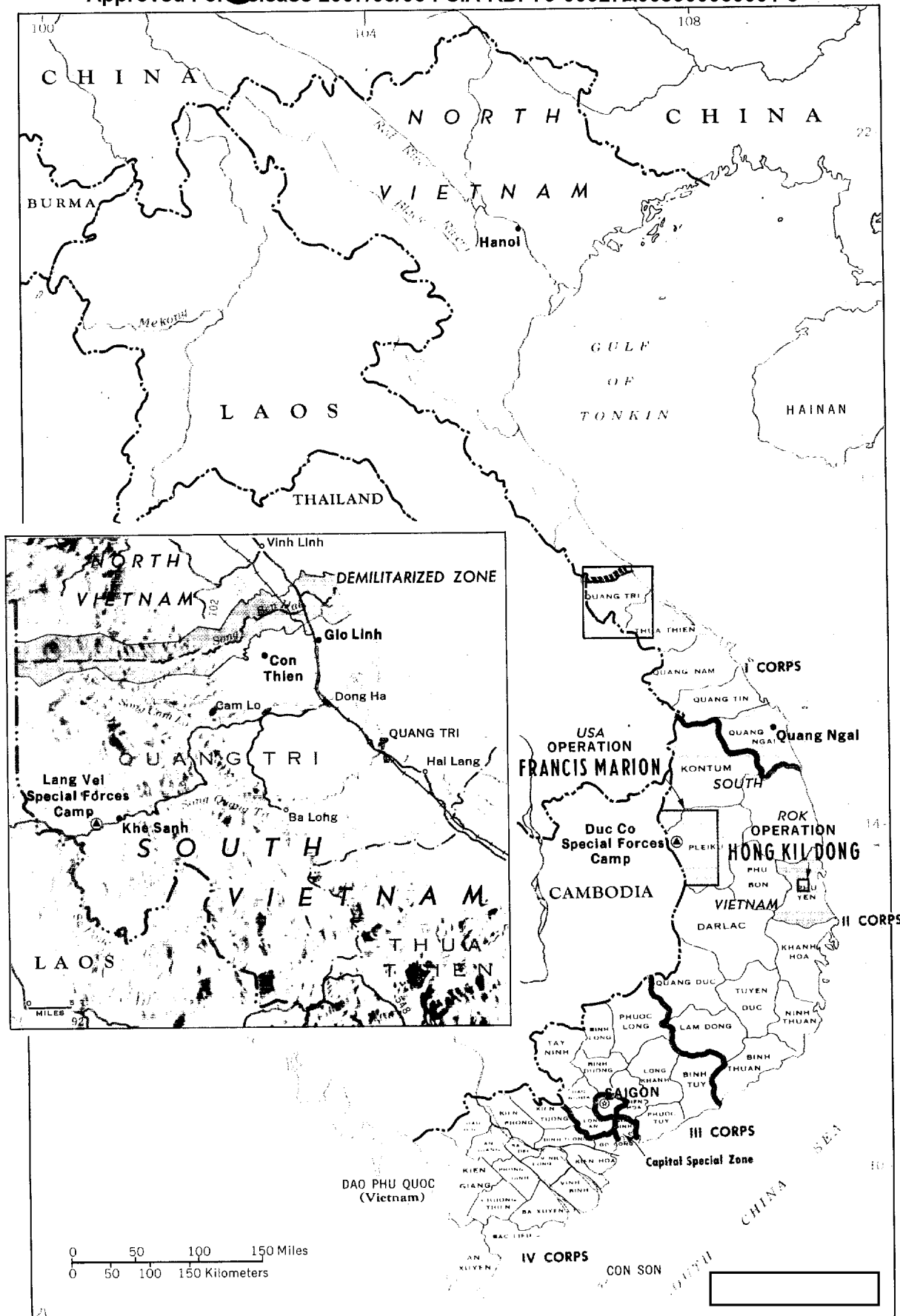
The discovery of recently constructed bunkers, tunnels, and bivouac sites near Duc Co, together with increased mining of surrounding lines of communication, indicates a continuing enemy effort to prepare the battlefield in this area. The major Communist military command authority in the western highlands--the so-called "B-3 Front"--may launch simultaneous and coordinated operations against Duc Co and allied Special Forces camps in adjacent Kontum Province. Such a strategy is suggested in captured documents and prisoner/defector interrogations.

There are continuing indications of a general deterioration in the logistic and combat capabilities of Communist forces in the

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coastal provinces of southern I Corps and II Corps. Simultaneous and widespread allied spoiling operations, such as South Korean (ROK) Operation HONG KIL DONG in Phu Yen Province, have prevented enemy main-force units from assuming an offensive posture in a number of critical coastal delta areas.

In addition, abortive enemy attempts in March and July to infiltrate weapons and ammunition by sea into the coastal areas of Quang Ngai despite the high risk involved may indicate that Viet Cong units in southern I Corps are critically short of combat supplies. As allied sweep operations continue in the coming weeks in the coastal areas of I and II Corps and monsoon rains hamper North Vietnamese overland logistical operations through the Laotian corridor, the Communists may increasingly rely on maritime resupply.

#### DRV Economy Makes Poor Showing

Hanoi's economic reports for the first six months of the year suggest that the regime experienced serious problems in both agricultural production and industry. A party daily editorial on 14 July was exceptionally gloomy for a propaganda document, claiming that "total rice production" was "reduced." The editorial cited the war effort, poor weather, and inadequate management as the principal culprits, characterizing the leadership in farming areas as "clumsy." The editorial also took management in local industry to task, claiming

that it "had many shortcomings and was not appropriate to wartime."

A week later a radiobroadcast on economic performance in the first half of the year tried to put the situation in a better light. The 22 July broadcast said the summer rice crop was one of "the best in years" and used statistics on average yields to demonstrate an increase of more than 20 percent over 1966. Yield figures are traditionally used by Hanoi (and Western analysts) to estimate rice production. This year, however, there are strong indications (some supplied by the regime itself) that rice acreage was significantly reduced and marginal rice producing land was devoted to the production of more reliable crops such as sweet potatoes and corn. The 22 July announcement, for example, said that the sweet potato area was increased by 18 percent in 1967.

On balance, the DRV probably had a smaller early rice crop than in 1966--which was mediocre at best. This suggests that Hanoi will have to continue for the rest of this year to import large quantities of grain products.

#### Thieu-Ky Campaign Organization

Chief of State Thieu and Premier Ky are well on the way to melding an effective campaign mechanism from the organizations which supported their former individual candidacies. The two military leaders and their campaign supporters have buried the hatchet for the time being in the interest of political expediency.

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There are indications, however, that Ky is also trying to form his campaign workers into a nucleus of personal support so as eventually to enhance his power in relation to Thieu's.

The central figures of the joint Thieu-Ky central campaign committee are meeting regularly, although the full complement of Ky's representatives has attended only infrequently. To date, the committee has agreed on the guidelines of a platform, on the need for funds amounting to about 60 million piasters, and on the need for about 10,000 campaign workers, or roughly one for every 500 voters.

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Ky's so-called political "front," designed to give the appearance of a broad national foundation to the Thieu-Ky slate,

has also been revitalized. Efforts are under way to build a corps of supporters not employed by the government from among the rank and file of political and religious groups which control blocs of votes. Several hundred of those supporters would be brought from the provinces to Saigon for a national convention about 3 August, the date the campaign begins officially. Such a congregation is designed to maximize the appeal of the Thieu-Ky ticket among the rural populace.

Some problems are arising in the merger of the Ky-Thieu forces. Foremost among these is the uncertainty of support for the joint ticket from political and religious groups, such as the Hoa Hao, the VNQDD in central Vietnam, and the Catholic Greater Solidarity Forces, which were formerly committed to Ky. Moreover, there are indications that Ky and his colleagues are less than candid with Thieu's representatives and that each camp is working for the benefit of either Ky or Thieu rather than for both of them.

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## PEKING'S CONTROL BECOMING PRECARIOUS

Peking's confrontation with defiant military officials in Central China underscores the serious deterioration of political control in the provinces during the past few weeks. Widespread violence and disorder continue unabated, with little evidence that the regime is willing or able to take the necessary steps to bring the situation under control.

Massive demonstrations attended by troops and Red Guards have been held daily in Peking since 21 July to denounce top officials in the Wuhan Military Region who openly challenged the authorities in Peking last week. Reports from Peking indicate that Public Security Minister Hsieh Fuchih and Cultural Revolution Group member Wang Li, on a trouble-shooting mission for Maoist leaders, were arrested on their arrival in Wuhan by military forces, kept under house arrest, and paraded in the street during their enforced stay in Wuhan. According to poster reports, their release on 22 July was arranged by Chou En-lai.

On 22 July the released officials--who had apparently been held hostage--were flown from Wuhan to Peking, where they were greeted by Chou and many other high officials.

Since then Peking has initiated a nationwide propaganda campaign against the Wuhan officials. Broadcasts reveal that demonstrations were ordered to denounce Wuhan Military Region commander Chen Tsai-tao. Defense Minister Lin Piao and other high officials attended a rally of one million people in Peking on 25 July at which one speaker exhorted the "hoodwinked masses" there in Wuhan to revolt against their leaders.

There is no evidence, however, that Peking is backing up the propaganda campaign by deploying military units against the Wuhan region. Peking may fear that some military commanders, particularly those at the military-region level who command regular forces, may be secretly sympathetic to Chen. Peking may therefore be reluctant to put their loyalty to the test.

Red Guard - instigated chaos continued to plague many areas of China.

Violent Red Guard clashes in Canton apparently caused the temporary shutdown of rail service to Hong Kong on 25 and 26 July. Persistent breakdowns in rail transport could seriously hamper efforts by the regime to use troops to restore order, should such a decision be made.

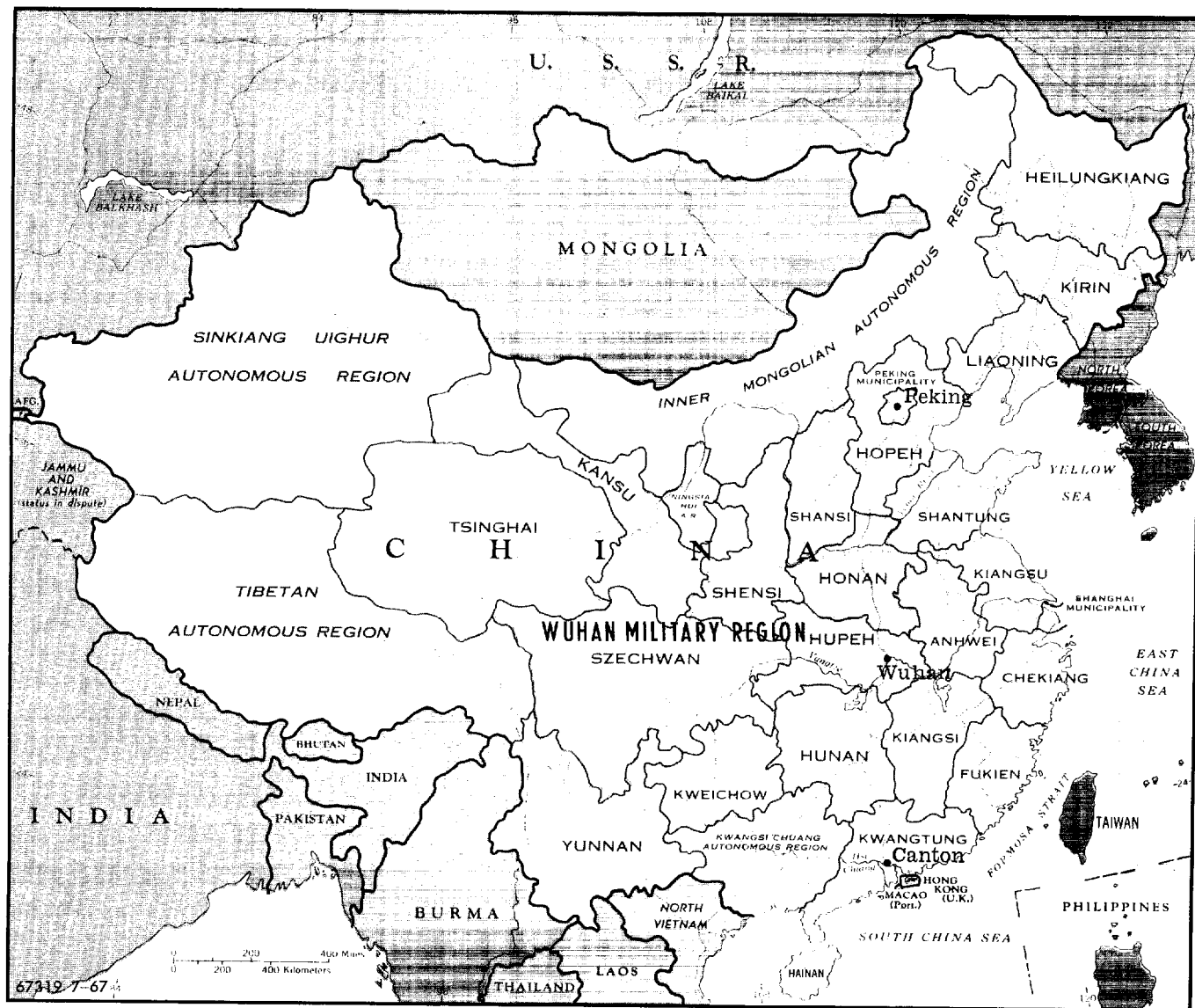
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## UNEASY CALM RETURNS TO HONG KONG

Strong British measures have succeeded in halting mass violence in Hong Kong, and an uneasy calm prevails there as the Communist apparatus reassesses its tactics. Sporadic terrorist attacks continue but police raids against Communist installations are meeting little resistance.

There have been further signs of Communist demoralization. A Hong Kong Communist newspaper has admitted that the authorities have the initiative

"for the moment" but claimed rather feebly that they cannot win a "final victory."

Peking continues to show restraint. [REDACTED]

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[REDACTED] although there have been a number of border incidents in which Hong Kong police were stoned. [REDACTED]

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## REVIVED ANTI-SUKARNO CAMPAIGN IN INDONESIA

Indonesia's Suharto regime, with much publicity, recently revived its campaign against ousted President Sukarno, but the campaign already appears to have failed in its major aim--to deflect student agitation against official corruption. After first agreeing to entrust the corruption problem to a "state-university task force," student action commands are again taking aim at high-level wrongdoing, coupling it with renewed attacks against Sukarno and his followers.

The students on at least one occasion have defied the Djakarta garrison commander's ban on demonstrations, reimposed after the students on 22 July broadened a parade ostensibly in support of the army's new anti-Sukarno drive to include fresh attacks on corruption.

General Suharto is well aware of the need to clean up the government but prefers to make haste slowly. He is reluctant to press action which could aggravate existing tensions both within and outside government circles at a time when he feels urgent economic stabilization measures must have higher priority.

In the short term Suharto will probably manage to get the

students back in line again. His new difficulties with them, however, point up strains which are likely to grow as Indonesia moves away from the Sukarno era and the government grapples more meaningfully with the host of problems to which it has fallen heir.

The anti-Sukarno campaign itself--notwithstanding the regime's ulterior motive in reviving it now--does reflect Suharto's concern about troublesome remnants of the former president's followers. Their principal vehicle is the left wing of the National Party, which remains dedicated to restoring Sukarno to power. Javanese army commanders have warned this group and certain armed forces officers to stop their pro-Sukarno activities, but their failure to heed the warning has so far brought no further army action.

Arrests of a dozen middle-level army officers in mid-July which were publicized as anti-Sukarnoist precautions apparently were in fact part of the army's continuing anti-Communist operations. The regime also recently announced the detention on similar grounds of two generals who had actually been arrested in May.

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## EUROPE

Soviet Foreign Minister Gromyko has returned to Moscow empty-handed from the abortive special session of the General Assembly, which created new problems for Moscow's Middle East policy. His closed-door efforts to win Arab acceptance of a realistic resolution on Israeli withdrawal from Arab soil succeeded only in straining Soviet relations with the Arabs, especially with the radical Algerians and Syrians.

The furor over defense cuts in West Germany has subsided following Defense Minister Schroeder's public acknowledgment that there will be some annual increase in actual defense spending over the next four years. Previously, Schroeder insisted that the cuts Chancellor Kiesinger had proposed from the original estimates would result in a reduction in defense outlays in 1968, and require a troop reduction of some 60,000 men. Controversy is likely to continue behind the scenes, however, over how economies are to be achieved. A new clash between Kiesinger and Schroeder would not appear to serve either's interests at this time, but the basic rivalry between them could yet bring on a showdown.

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## RUMANIA REAFFIRMS INDEPENDENT FOREIGN POLICY

The Rumanian regime strongly reaffirmed the independent thrust of its foreign policy during the 24-26 July meeting of parliament. The session heard nearly 40 speeches on foreign affairs and interparty relations, including those of party chief Ceausescu, party ideologue Niculescu-Mizil, and Premier Maurer. There was no pulling back from Bucharest's insistence on following a completely independent line.

Ceausescu opened the session with a two-and-a-half-hour tour d'horizon on foreign relations which accentuated positive aims with respect to both the Communist and non-Communist worlds. Stressing that he spoke on behalf of the Rumanian people, government, and party, he attributed Rumania's current freedom of maneuver between East and West to the correctness of the stridently independent guidelines approved at the party's last congress two years ago. He also reiterated his opposition to all military blocs, reaffirmed the regime's policies toward the Middle East, and called for improved relations with the US.

Throughout his speech, Ceausescu dwelt on the theme of the domination of small nations by large ones. Although he carefully hedged his criticism of the latter, there were visible traces of the

historical antipathy between Rumania and Russia. He asserted that the idea of all-powerful big-nation politics "no longer corresponds to the new conditions of social development" and that small nations "refuse any longer to play the role of pawns."

Turning to relations with individual Communist countries, the Rumanian leader expressed esteem for the "Communist party created by Lenin," but he named none of today's Soviet leaders. Although he predictably struck a balanced attitude as between Moscow and Peking, he spoke in friendliest tones of Yugoslavia and Bulgaria of all the Communist states.

The meeting also served notice on the Communist world that Rumania places great importance on a pragmatic interpretation of Communist doctrine. Speaking on 26 July, ideologist Niculescu-Mizil went beyond the standard defense against the criticism that the regime is serving its national interests at the expense of "proletarian internationalism." He stressed for example, that "in general, only life is the supreme judge, only the practical results can confirm the correctness of the political line or stand."

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Developing further the vaguely anti-Soviet undertone apparent in the speeches of Ceausescu and Niculescu-Mizil, Premier Maurer launched a strong attack on interference and pressure in the relations between Communist countries. In a reference to Rumania's difficulties with the Soviet Union, he noted that dif-

ferences between Communist parties are not unnatural. "What is unnatural," he said, "is the fact that methods and practices contradicting the standards of equal rights and noninterference in internal affairs...should occur in the relationships among the socialist countries." [REDACTED]

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## SOVIETS UPGRADING AIRBORNE FORCES

The Soviets are making new efforts to improve the capabilities of the airborne element of their ground forces. Apart from seeking the advantages of highly maneuverable ground troops, the USSR probably wants to keep pace with Western developments in this area.

New weapons have been added to the airborne forces inventory, including the air-droppable 16-round rocket launcher first identified in late 1965. Moreover, the Soviets may intend to equip these forces with tactical and air defense missiles which can be transported in the new An-22 aircraft. Frog tactical surface-to-surface missiles and Ganef mobile air-defense missiles with airborne

forces markings were unloaded from An-22s during an air assault demonstration at the recent Moscow air show. This coordinated demonstration also involved a drop of about 1,000 paratroopers, delivery of assault guns in An-12 transports, and the landing of ground troops, assault guns, and conventional and antiaircraft artillery pieces in helicopters.

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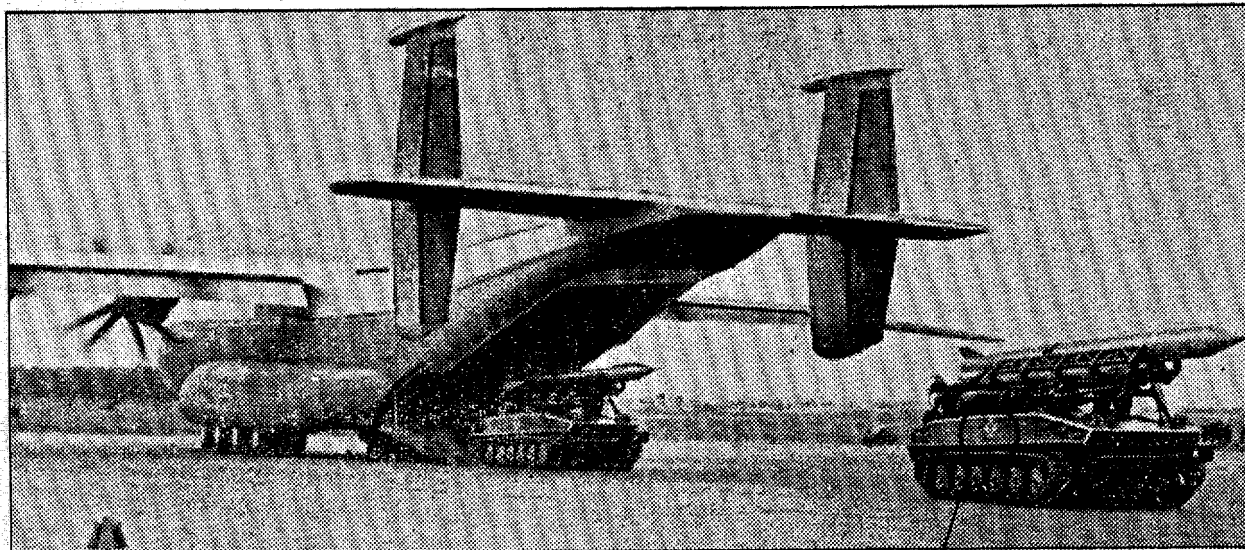
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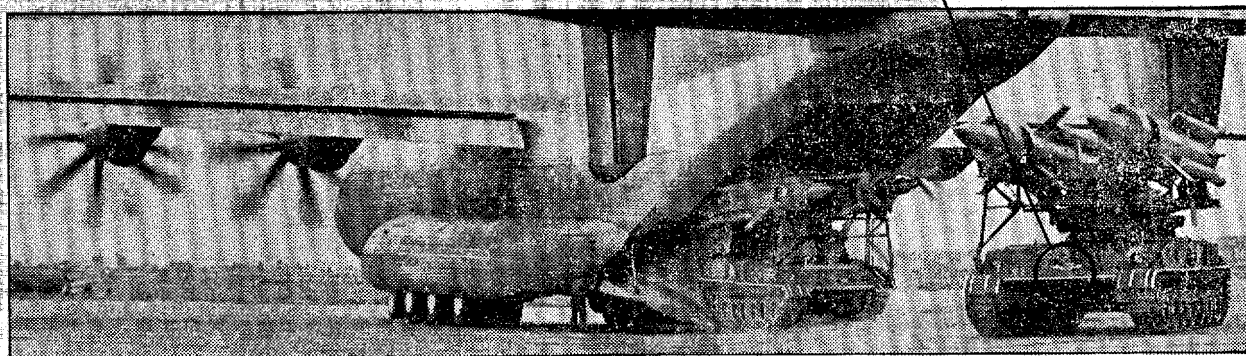
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Frog and Ganef missiles unloading from the An-22 at the Moscow air show



Frog

Airborne Forces Insignia



Ganef

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## MIDDLE EAST - AFRICA

Egypt's Nasir seems to be more willing to try to reach some accommodation with Israel if he can avoid antagonizing such militants as Algeria. There is no confirmation of the rumors that Algiers has sent troops into Syria--presumably to carry on the war with Israel.

Britain has taken the first step toward forming a representative government to succeed the South Arabian Federation government. An Adeni moderate has been appointed as prime minister designate to form a caretaker government until independence, now scheduled for 9 January 1968. At that time elections would be held and a permanent government established. British carriers would lie offshore for six months to ensure that the fledgling state was not overthrown by the Egyptians in Yemen. The prospects for a stable and viable state, however, remain negligible.

In Africa's two trouble spots, Congo and Nigeria, the central governments appear to be winning out over the rebels. In the Congo, armed clashes are limited to small-scale action between army units and mercenaries around Punia. Meanwhile, a small group of mercenaries may be gathering in Portuguese Angola either to aid the Congo mercenaries or to attempt to rescue former premier Tshombe if he is extradited to Kinshasa.

In Nigeria, the federal invasion of Biafra's seacoast has been successful, and the oil port of Bonny has been captured. The federal forces thus gain control of the seaward entrance to Biafra's vital Port Harcourt as well as a strategic beachhead for deeper penetration of southern Biafra.

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## MIDDLE EAST DEVELOPMENTS

The Arab states moved toward a summit conference this week, but there was no evidence that differences between the hard liners and the moderates over policy toward Israel are likely to be resolved. The Soviet effort to get a compromise resolution in the UN General Assembly was stymied by Arab intransigence, and the issue has been thrown back into the lap of the Security Council. Negotiations continue on the kinds and amounts of military and economic aid Moscow will supply to the Arabs.

Arab States - Israel

Nasir's speech on 23 July indicated that he is ready to try to formulate a common Arab policy toward Israel. He recommended an Arab summit conference despite his earlier claims that such a meeting would be counterproductive because of the split within Arab ranks. It was apparent then that he believed the hard line advocated by Syria and Algeria would be irreconcilable with the more moderate approach favored by Jordan which Nasir has been inclined to support.

There is no evidence that these differences have been narrowed. Having recently conferred at length with the other "progressive" Arab leaders, however, and been apprised of the Soviet Union's relatively moderate position, Nasir now may hope to win wider support for an accommodation with Israel.

His speech, however, recited the standard phrases about contin-

uing the struggle against "Israeli-imperialist" forces and preserving the "rights of the people of Palestine." Although he echoed the hard liners' "popular resistance" position, it is doubtful that they have won him over completely to their uncompromising viewpoint, just as he is unlikely to have persuaded them to moderate their stand. As a result, a summit meeting probably will only consolidate the Arab differences, and Nasir will be left with the problem of how to reach an accommodation with Israel at minimum cost to his reputation as the Arab standard bearer.

A presummit meeting of Arab foreign ministers is scheduled for Khartoum on 1 August. In the meantime, Jordan's King Husayn has said he plans a tour of several Arab states to seek support for a moderate Arab approach to Israel.

Husayn has asked Iraq to withdraw its 15,000 troops from Jordan, and Iraqi President Arif has agreed to discuss the matter during a visit he plans to make to Amman soon.

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Residents of the Jordanian sector of Jerusalem are becoming increasingly restive under the Israeli occupation. Principal sore points are the disrespectful behavior of many Israeli sight-seers, the high unemployment rate, rising prices, and the frozen accounts in Arab banks. This week the Jordanian city council refused to discuss an Israeli proposal for Arab membership on a city-wide council.

The problem of trying to establish the terms of the cease-fire along the Suez Canal also continues to fester, although there were no incidents this week. General Bull, the UN truce supervisor, is still having trouble getting Egypt and Israel to agree on where the cease-fire line runs--the Egyptians say along the East Bank, the Israelis say it is in the middle of the canal--and on whether either side should be able to operate vessels in the waterway.

#### The Soviets and the UN

The Soviet effort to come up with a compromise General Assembly resolution on Israel's withdrawal from conquered Arab territory foundered on the intransigence of the Arabs. The Soviets appeared to have had at least the tacit approval of some of the Arabs, including the Egyptians. Algeria and Syria, however, led the decisive opposition to any resolution that would imply an ending of the Arabs' state of belligerency in exchange for Israeli withdrawal.

The fact that the Soviets pressed forward to an embarrassing diplomatic defeat--to the point of alienating some of their Arab friends--suggests that Moscow badly wants some genuine progress on the withdrawal question. The USSR has already made it clear that it seeks to avoid a renewal of Arab-Israeli fighting. As long as Israeli forces remain in their present positions, the threat of a conflict on a sizable scale persists.

A Communist delegate at the UN claims he was told by a Soviet official that the entire exercise in the General Assembly was designed by Moscow to demonstrate that there was indeed a gap between the Soviet and Arab positions. Presumably the Soviets, by going through the motions, would thus give the Arabs an object lesson on the need for more flexibility, without in the process suffering too much damage to their credentials as friends of the Arabs. This would suggest that Moscow may not be overly concerned about Arab sensitivities when the problem eventually goes back to the Security Council, where it probably expects the real business of a settlement to be worked out.

The Security Council probably will not soon tackle the problem unless there is a resumption of hostilities. Since the assembly ended without an agreement, most delegations are reluctant to have the council suffer a similar defeat. Although the radical Arabs would like an early council meeting to consider the question of

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Jerusalem, the moderates argue that the issue should instead be taken to the next regular assembly session in September on the grounds that premature council consideration would weaken the Arab position.

#### Soviet Military Aid

The type and extent of Communist military aid for Arab countries are still under review in both Moscow and the Arab capitals. The principal Arab negotiators still in Moscow are the Egyptians, whose delegation has been there since 12 July, and an Iraqi group headed by the defense minister which arrived on 21 July.

Available information indicates that the Soviets favor a supply effort designed to build up the defensive capabilities of the Arab armies. There are no reports that bomber aircraft

losses will be made up at this time.

The frictions and historic mistrust among Arab states have been underscored in the arms negotiations. Morocco's search for new sources of military materiel clearly reflects its concern over the intentions of Algeria and the continuing delivery of Soviet equipment to that country. Negotiations appear under way with Czechoslovakia for ground forces equipment, including medium tanks. A Moroccan Air Force mission recently returned from the USSR with a reported Soviet offer to supply 20 An-12 transport aircraft.

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## TENSION EASING IN THE CONGO

There has been no significant change in the military situation in the northeastern sector of the Congo. The mercenaries and Katangan troops at Punia seem determined to stand pat and, through raids on army outposts, they may have increased their already ample stocks of weapons and other supplies. Army units in the area, now reinforced with paratroopers, may soon be ordered to attack the rebel stronghold.

In both Bukavu and Katanga antiwhite harassment has long since been curtailed, and European morale has generally improved. European mining technicians in Lubumbashi (formerly Elisabethville) still talk of leaving, but it is too early to estimate how many will actually depart.

The Mobutu government is confident--probably with justifi-

cation--that Algeria will extradite Tshombé. Moreover, there is little doubt that he will be executed soon afterward.

In Belgium, emotions are still running high and public opinion is leaning toward a major disengagement from the Congo. The Foreign Ministry generally favors a withdrawal stretched out over two or three years--a view likely to prevail when the cabinet considers the Congo problem on 28 July.

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## NIGERIAN FEDERAL TROOPS LAND ON BIAFRAN COAST

The federal military government opened a second front in Nigeria's civil war on 25 July by landing an amphibious force on the Biafran coast. Federal troops have captured the coastal port and oil terminal of Bonny, which overlooks the river channel leading to Port Harcourt.

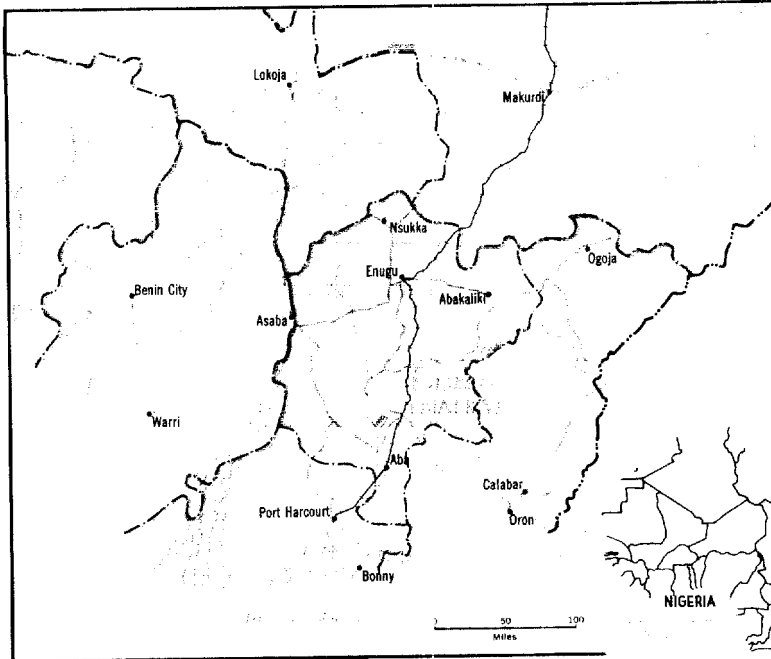
The seizure of Bonny should stop the flow of supplies to Port

Harcourt and make the federal blockade of this portion of the Biafran coast unnecessary. The federal navy destroyed just above Bonny the only ship in Biafra's minuscule navy which could have threatened the landing.

The federal government may now use Bonny as a staging point to mount an amphibious operation against Port Harcourt or Biafra's

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Scene of Nigerian Civil War

Boundary of former region  
 — New state boundary decreed by Gowon

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other important seaport of Calabar, where minority tribes are likely to aid the federal troops. The ships in the "invasion fleet" which sailed from Lagos probably carried two battalions, far more than needed to crush the company-size Biafran detachment at Bonny.

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Despite extravagant claims by both sides, there have been no major changes in the military situation along Biafra's northern border. Light skirmishing has occurred but federal forays to the south seem to have been repulsed. Federal troops appear,

however, to be regrouping between Ogoja and Nsukka possibly for a thrust toward the key junction of Abakaliki.

Biafran forces are apparently still employing hit-and-run tactics with some effectiveness and have successfully ambushed elements of the recently arrived battalion from the Western Region. Biafra's B-26 bomber is continuing to harass federal military positions and supply lines, but its military value appears marginal.

A wave of propaganda against the US and UK in federal Nigeria--with at least implicit backing from Lagos--may cause problems for resident nationals of those countries. Lagos apparently believes that

both countries are sympathetic to Biafra and blames them for the current problem over oil royalty payments. The Nigerian Trade Union Congress has urged the federal government to nationalize all US and British oil companies.

Although recent reports indicate that anti-American feeling is diminishing in Lagos, it appears to be growing in the North. News media in Kaduna

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cited Biafra's use of a B-26 bomber as proof of US support of Ojukwu. Although no US citizen has yet been attacked, Americans and other foreigners could quickly become the object of mob hostility if federal troops fare badly in Biafra.

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## WESTERN HEMISPHERE

Latin American attention is currently focused on Havana, where the first conference of the Latin American Solidarity Organization (LASO), a Cuban-inspired melange of national groups generally committed to spreading armed insurgency in the hemisphere, will begin on 31 July. The meeting will provide revolutionary militants with an opportunity to develop greater unity and coordination and to work out plans for furthering insurgency at home. At the same time, of course, Castro stands to increase his influence among some of the most active and most significant extremist groups in the hemisphere.

Most Latin American governments are well aware of the problems the LASO conference may pose for them and are exhibiting increasing concern over insurgency in general. Mexico's growing appreciation of the danger of Communist activity both at home and elsewhere in Latin America was reflected last week in the arrest of a guerrilla group financed from Peking and in the government's refusal to let certain LASO participants transit Mexican territory.

The guerrilla problem in Bolivia continues to plague the Barrientos government as well as Bolivia's neighbors. Argentine Army units have been sent to areas near the Bolivian border, and Argentine-Paraguayan talks have been held on contingency plans for joint intervention in Bolivia should the situation there deteriorate drastically.

Venezuela, meanwhile, is hoping that the meeting of OAS foreign ministers which is to discuss its complaint of Cuban aggression will take place in mid-August so that Caracas can exploit any pertinent statements that might emerge from the LASO conference. [REDACTED]

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## THE NUCLEAR DEVELOPMENT ISSUE IN BRAZIL

The issue of nuclear development continues to arouse strong nationalist sentiment in Brazil. One effect is that the Costa e Silva government's resistance to a nuclear nonproliferation agreement has hardened.

The government is sticking firmly to its refusal to accept any limitations on its sovereign right to carry on the research necessary to manufacture nuclear explosive devices for use in economic development. Although the government apparently has no plans to begin such a program, its views have attracted widespread public and official support. Even among moderate leaders aware of the enormous costs involved, only a few--such as former planning minister Roberto Campos--have criticized the policy. Brazil's present nuclear program is small and confined almost exclusively to basic research in the universities.

Nuclear development is also being used as a convenient vehicle for stressing the "independence"

of Brazil's foreign policy, specifically its diminished reliance on the United States. Foreign Ministry spokesmen on several occasions have emphasized nuclear development as a means of counter- ing "scientific neocolonialism" and branded "technological under- development" as the most onerous form of dependence.

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Apart from the influence Brazil's attitude may have at the disarmament talks in Geneva, it is possible that Brazil is beginning a diplomatic effort to attract wider support for its position elsewhere.

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## URUGUAY'S UNCERTAIN POLITICAL FUTURE

Continued economic stagnation and uncontrolled inflation, combined with political squabbling and Communist labor agitation, have inspired rumors that "dramatic" political changes in Uruguay are in the offing.

Recent cabinet changes, brought on by a dispute within the ruling Colorado Party, have alienated the party's most powerful faction and endangered President Gestido's slim legislative majority. Montevideo politicians now are speculating that Gestido will have to seek support from the country's other major political party, the Blancos. Such a move would be in keeping with Uruguayan tradition but Gestido will be reluctant to give up key government jobs--the Blancos probable price for political support, if they offer support at all. Unless he overcomes this reluctance or unifies his own party, future administration-sponsored legislation will fare no better than the watered-down

economic emergency law which has been stymied in Congress for almost two months.

In addition, International Monetary Fund officials believe that the government's recently announced economic decrees are ill-advised and that Uruguay will soon experience an even greater degree of inflation and economic deterioration. Under these circumstances, labor, urged on by the Communists, will demand wage hikes, and strikes and crippling work stoppages may become the order of the day.

If labor agitation appears to be getting out of hand at the same time that the administration's congressional problems peak, President Gestido's frustrations could prompt him to attempt to rule by decree, taking advantage of the constitutional provision that allows him to disband Congress. 25X1

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## DISSATISFACTION WITH HONDURAN GOVERNMENT ON RISE

Political and economic deterioration in Honduras has aroused a barrage of criticism against the lackluster Lopez regime. Much of the controversy centers on Minister of the Presidency Ricardo Zuniga, who has the complete confidence of President Lopez and for all practical purposes runs the government.

In a recent report on the economic situation, Secretary General of the Economic Planning Council Miguel Rivera blamed Zuniga for the government's inability to translate budgeted funds into public works while the nation is in desperate need of social and economic action. The report called on Lopez to oust Zuniga for sacrificing the national interest to his presidential ambitions.

Rivera was promptly removed from the council, and the government has blocked full-scale discussion of the criticisms [REDACTED]

The Rivera report, however, continues to play an important role on the political scene. It has already led to a clash between Zuniga and a prominent labor leader that may

cost the government its labor support.

There are likely to be further political repercussions from a report being prepared by the Central Bank. This report will be an even harsher expose of the economic situation and will forecast a worsening of the economy because of coffee crop failures, poor prices for cotton, and a slow market for bananas.

The opposition Liberal Party meanwhile is pressuring individual members of the Economic Planning Council to state publicly their views on Zuniga's culpability and on the need for reform, hoping for a chain reaction of public comment. Hard-line Liberals are trying to bring Zuniga's many enemies together hoping that an anti-Zuniga movement, on top of a series of other recent problems will crack the solid support the military has thus far given the government. The government's other problems include dissension in the ruling Nationalist Party, public outrage at the brutality of security forces, border problems with neighboring El Salvador, and growing tension among the peasants because of land tenure disputes. [REDACTED]

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